

Good morning. My name is Marie Lenane and I am a Pricing Analyst for the Purchase of Service Administration at the Executive Office of Health and Human Services (EOHHS). I am here to present testimony on the emergency adoption of amendments to 101 CMR 204.00: Rates of Payment to Resident Care Facilities. The amendments were filed as an emergency on November 10, 2022 and are effective December 1, 2022.

Massachusetts General Laws Chapter 118E, Section 13D, requires EOHHS to establish rates for resident care facilities, also called rest homes.

The amendments include the following methodology updates for resident care facility rates.

- Update the base year from 2019 to 2020.
  - Calculate allowed variable, fixed cost, equity, and working capital per diems using 2020 costs.
    - Cap variable costs at the 85<sup>th</sup> percentile, or \$148.06. With a 13.57% cost adjustment factor (CAF) applied, the cap is at \$168.15.
    - Fixed cost and equity components are limited to the amounts described in 101 CMR 204.08(2)(a)1.d.
    - The methodology used to set the proposed rates applies a 90% occupancy standard when calculating per diem costs.
- For each rest home, the preliminary rate is the sum of the components listed above.
- For each rest home, calculate its DTA days percentage by dividing its DTA days by the facility's total resident days, based on the 2020 cost report. The facility's DTA days percentage adjustment is equal to its DTA days percentage multiplied by \$13.28.
- For each rest home that had residents who were receiving MassHealth-covered GAFC services as of October 15, 2020, the proposed GAFC adjustment is equal to the GAFC adjustment the facility is receiving on November 30, 2022.
- For each rest home, calculate a new rate, effective December 1, 2022, equal to the greater of
  - the sum of the preliminary rate, the DTA days percentage adjustment, the GAFC adjustment, and a resident care add-on of \$8.00;
  - the sum of the facility's certified rate in effect on November 30, 2022, and a resident care add-on of \$8.00; or
  - \$95.
- If the rate calculated above exceeds the current rate effective November 30, 2022, plus \$34, the facility will receive a negative adjustment such that the new rate effective December 1, 2022, will be equal to the current rate effective November 30, 2022, plus \$34.
- For rates effective December 1 through December 31, 2022, apply an annualization adjustment of 493.55% of the difference between the new rate and the current rate, to cover the 153 days from July 1 through November 30, 2022.

The amendments to the regulation also describe a Resident Care Cost Quotient (RCC-Q). Beginning in SFY2023, facilities must have an RCC-Q of at least 80%. A downward rate adjustment may be applied in future rate years to facilities that failed to meet the RCC-Q threshold of 80%.

Staff Testimony on Proposed Amendments to Regulation 101 CMR 204.00: Resident Care Facilities

Effective date: December 1, 2022   Public Hearing: December 2, 2022

The proposed amendments to 101 CMR 204.00, in conjunction with amendments to residential care unit rates established at 101 CMR 206.00, meet FY23 state budget appropriation requirements. The proposed amendments to 101 CMR 204.00 will result in an approximate annual increase of \$9.93 million to eligible resident care providers. Due to the annualization adjustment, the full \$9.93 million in fiscal impact is expected to be realized in FY2023.

This concludes my testimony. Thank you.